

SB1511



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB1511

Introduced 2/9/2007, by Sen. Kwame Raoul

SYNOPSIS AS INTRODUCED:

30 ILCS 550/1

from Ch. 29, par. 15

Amends the Public Construction Bond Act. Authorizes the Capital Development Board to waive the requirement of a surety bond for a public construction contract if (i) the contractor is a small business enterprise and (ii) the otherwise required bond amount plus other surety bond amounts waived by the Board from small business enterprises, with respect to projects that are not yet complete, does not exceed \$2,000,000. Defines a small business enterprise. Authorizes the Board to adopt implementing rules. Effective July 1, 2007.

LRB095 04366 JAM 24409 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Public Construction Bond Act is amended by
5 changing Section 1 as follows:

6 (30 ILCS 550/1) (from Ch. 29, par. 15)

7 Sec. 1. Except as otherwise provided by this Act, all
8 officials, boards, commissions or agents of this State, or of
9 any political subdivision thereof in making contracts for
10 public work of any kind costing over \$5,000 to be performed for
11 the State, or a political subdivision thereof shall require
12 every contractor for the work to furnish, supply and deliver a
13 bond to the State, or to the political subdivision thereof
14 entering into the contract, as the case may be, with good and
15 sufficient sureties. The amount of the bond shall be fixed by
16 the officials, boards, commissions, commissioners or agents,
17 and the bond, among other conditions, shall be conditioned for
18 the completion of the contract, for the payment of material
19 used in the work and for all labor performed in the work,
20 whether by subcontractor or otherwise.

21 If the contract is for emergency repairs as provided in the
22 Illinois Procurement Code, proof of payment for all labor,
23 materials, apparatus, fixtures, and machinery may be furnished

1 in lieu of the bond required by this Section.

2 Each such bond is deemed to contain the following
3 provisions whether such provisions are inserted in such bond or
4 not:

5 "The principal and sureties on this bond agree that all the
6 undertakings, covenants, terms, conditions and agreements of
7 the contract or contracts entered into between the principal
8 and the State or any political subdivision thereof will be
9 performed and fulfilled and to pay all persons, firms and
10 corporations having contracts with the principal or with
11 subcontractors, all just claims due them under the provisions
12 of such contracts for labor performed or materials furnished in
13 the performance of the contract on account of which this bond
14 is given, when such claims are not satisfied out of the
15 contract price of the contract on account of which this bond is
16 given, after final settlement between the officer, board,
17 commission or agent of the State or of any political
18 subdivision thereof and the principal has been made."

19 The surety bond required by this Section may be acquired
20 from the company, agent or broker of the contractor's choice.
21 The bond and sureties shall be subject to the right of
22 reasonable approval or disapproval, including suspension, by
23 the State or political subdivision thereof concerned. In the
24 case of State construction contracts, a contractor shall not be
25 required to post a cash bond or letter of credit in addition to
26 or as a substitute for the surety bond required by this

1 Section.

2 When other than motor fuel tax funds, federal-aid funds, or
3 other funds received from the State are used, a political
4 subdivision may allow the contractor to provide a
5 non-diminishing irrevocable bank letter of credit, in lieu of
6 the bond required by this Section, on contracts under \$100,000
7 to comply with the requirements of this Section. Any such bank
8 letter of credit shall contain all provisions required for
9 bonds by this Section.

10 Notwithstanding this or any other law, in order to promote
11 business competition and the stability and growth of small
12 businesses, the Capital Development Board may waive a surety
13 bond under this or any other Act for a public construction
14 contract if (i) the contractor is a small business enterprise
15 and (ii) the amount of the surety bond that would otherwise be
16 required, when combined with the total amount of surety bonds
17 waived by the Capital Development Board from that and all other
18 small business enterprises with respect to projects that are
19 not yet completed, does not exceed \$2,000,000. The Capital
20 Development Board may adopt rules to implement this Section. As
21 used in this Section, a "small business enterprise" means a
22 construction business whose annual sales and receipts do not
23 exceed \$10,000,000 and that is otherwise a small business as
24 defined by rule of the Department of Central Management
25 Services under subsection (b) of Section 45-45 of the Illinois
26 Procurement Code.

1 (Source: P.A. 93-221, eff. 1-1-04.)

2 Section 99. Effective date. This Act takes effect July 1,
3 2007.